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Legislative Bulletin……………………………….…..………August 3, 2007

Contents:

H.R. 3221—New Direction for Energy Independence, National Security, and Consumer Protection Act

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Summary of the Bills Under Consideration Today:

Total Number of New Government Programs: Dozens

Total Cost of Discretionary Authorizations: At least $18.7 billion over five years

Effect on Revenue: $0

Total Change in Mandatory Spending: $851.0 million increase over five years

Total New State & Local Government Mandates: Numerous

Total New Private Sector Mandates: Numerous

Number of *Bills* Without Committee Reports: 1

Number of *Reported* Bills that Don't Cite Specific Clauses of Constitutional Authority: 0

H.R. 3221—New Direction for Energy Independence, National Security, and Consumer Protection Act (*Pelosi, D-CA*)

Order of Business: The bill is reportedly scheduled to be considered on Friday, August 3rd, subject to a likely structured rule, making in order just a small handful of amendments and merging the bill with a related energy tax bill (H.R. 2776). The RSC will summarize any amendments made in order under the rule in a separate document.

Possible Conservative Concerns: Many conservatives will likely be concerned about numerous provisions throughout this legislation. Some such provisions include:

--The use of an energy bill to create a variety of new anti-poverty programs. (See the Title I summary below.)

--The presumption that global climate change is unanimously viewed as inherently dangerous, and other alarmist views on global warming. (See the Title II and Title VI summaries below.)
--The authorization of $1 billion for clean and energy efficient technologies in other countries. (See the Title II summary below.)
--The creation of a government-run venture capital program, something which has thus far been synonymous with market capitalism. (See the Title III summary below.)
--The creation of a new agency—and accompanying multibillion-dollar fund in the U.S. Treasury—to support the development of energy technologies (much of which the federal government is already doing). (See the Title IV summary below.)
--The creation of dozens of new, often duplicative programs in the Science title (See the Title IV summary below.)
--The building and procurement standards for federal agencies, which are likely to yield difficulties and increased costs for such agencies, at the expense of taxpayers. (See the Title VI summary below.)
--**The allowing of individuals to sue the federal government for damages caused by global warming.** (See the Title VI summary below.)
--The extension of the deadline for processing oil and gas drilling permits. (See the Title VII summary below.)
--The elimination of the requirement that the government pay interest to oil and gas lessees when they make royalty overpayments (even though the lessees would still owe interest on underpayments). (See the Title VII summary below.)
--The slowing of the oil shale and tar sands commercial leasing program, further reducing our ability to be energy self-sufficient. (See the Title VII summary below.)
--The forced renegotiation of certain oil and gas leases from 1998/1999. (See the Title VII summary below.)
--The prohibition on accessing the 4.2 trillion cubic feet of natural gas in the Roan Plateau, Colorado. (See the Title VII summary below.)
--$2.7 billion for transportation systems and freight rail track improvements, with Davis-Bacon applying. (See the Title VIII summary below.)
--The increased mandates on home appliances. (See the Title IX summary below.)
--The requirement that states adhere to a federal building energy code. (See the Title IX summary below.)
--$3.1 billion in new authorizations for the Weatherization Assistance Program. (See the Title IX summary below.)
--$7.9 billion for an initiative to help make all commercial buildings net-zero-energy by 2050. (See the Title IX summary below.)
--Nearly $3 billion in energy efficiency block grants to states and localities. (See the Title IX summary below.)
--The overall approach throughout the bill of creating new federal programs, offices, and billions of dollars in newly authorized funding streams, with minimal reliance on market forces.
--The additional overall approach of mandating energy standards—on the private and public sectors—irrespective of the feasibility of such standards; and with deadlines designed more to be years divisible by five, rather than to be substantive, realistic target dates.

--The picking of winners and losers in the energy marketplace (since not all energy sources are funded equally, and other energy sources are discouraged).

Summary: H.R. 3221 would grow the size of the federal government in order to fund energy programs and activities and enforce mandatory standards in the private sector and across all levels of government. The following are summary highlights by title:

Title I—Green Jobs

NOTE: The language of Title I is pulled from H.R. 2847 (Education and Labor Committee).

- Directs the Secretary of Labor to establish an energy efficient and renewable energy worker training program, in consultation with the Secretary of Energy.

- Establishes a national research program, through the Bureau of Labor Statistics, to develop labor market data and track future "green collar" workforce trends.

- Establishes competitive National Energy Training Partnership Grants for eligible entities to carry out training that leads to economic self sufficiency (note: this is an anti-poverty component of the program) and develops an energy efficiency and renewable energy industries workforce. *It is possible that such grants could help free up funds for liberal political and advocacy activities in which certain anti-poverty groups, like ACORN, engage.*

- Establishes a State Energy Training Partnership Program for grants to states to administer renewable energy and energy efficiency workforce development programs (also with an economic self-sufficiency, anti-poverty component). A partnership would have to include equal participation of industry and labor.

- Establishes the Pathways Out of Poverty Demonstration Program grants that enable eligible entities to carry out training that leads to economic self-sufficiency for targeted impoverished families.

- Defines allowable activities under the above new grant programs as including: occupational training; on-the-job training; safety and health training; basic skills, literacy, GED, ESL, and job readiness training; training leading to community college or industry-recognized certificate training; internships; customized training; career ladder training; transitional jobs strategies; and supportive services.

- Applies the Workforce Investment Act of 1998 worker protection and nondiscrimination provisions to the new grant programs carried out under the subsection, and provides for consultation with labor organizations representing affected workers.

- Authorizes $125.0 million per year indefinitely for the grant programs.

- **<u>Cost</u>: CBO confirms that this title would authorize $125.0 million in FY2008 and a total of $625.0 million over the FY2008-FY2012 period.**

<u>Title II—International Climate Cooperation Reengagement Act</u>

<u>NOTE</u>: The language of Title II is pulled from H.R. 2420 (Foreign Affairs Committee).

- This title would express 15 findings, including the following:
  --"There is a global scientific consensus, as established by the Intergovernmental Panel on Climate Change (IPCC) and confirmed by the National Academy of Sciences, that the continued build-up of anthropogenic greenhouse gases in the atmosphere has been, and is now warming the earth and threatens the stability of the global climate. By the estimate of the IPCC, unmitigated global greenhouse gas emissions could drive up global temperatures by as much as 7 to 11 degrees Fahrenheit by 2100;
  --"Climate change is already having significant impacts in certain regions of the world and on many ecosystems, with poor populations being most vulnerable; and
  --"Climate change is a global problem that can only be managed by a coordinated global response that reduces global emissions of greenhouse gases to a level that stabilizes their concentration in the Earth's atmosphere."

- The title would then make six statements of policy, mostly regarding U.S. participation in international global climate change proceedings, plus: "To seek international consensus on long-term objectives including a target range for stabilizing greenhouse gas concentrations. The target range should reflect the consensus recommendations of Intergovernmental Panel on Climate Change (IPCC) scientists, who believe that concentrations of greenhouse gases in the Earth's atmosphere must be stabilized at a level that would provide a reasonable chance of limiting the rise in global temperatures to a level that might avert the most dangerous impacts of climate change."

- Establishes within the State Department an Office on Global Climate Change, headed by an Ambassador-at-Large for Global Climate Change, appointed by the President, and subject to Senate approval. The Ambassador would advance U.S. goals on reducing the emissions of global greenhouse gases and "addressing the challenges posed by global climate change." The Ambassador would be the principle advisor to the President on global climate change and the President's liaison to international organizations and conferences on this issue.

- Authorizes $1 billion over five years for the Administrator of the United States Agency for International Development to support policies and programs <u>in other (developing) countries</u> that promote clean and efficient energy technologies.

- Instructs the Secretary of Commerce to direct the United States and Foreign Commercial Service to expand or create a group of the Foreign Commercial Service officers to promote United States exports in clean and efficient energy technologies and build the capacity of government officials, particularly in India and China, to become more familiar with the available technologies.

- Authorizes "such sums" over five years for the Secretary of Commerce to direct the International Trade Administration to expand or create trade missions to and from the United States that would encourage private sector trade and investment in clean and efficient energy technologies.

- Authorizes $15 million over five years for the Secretary of State to establish a Global Climate Change Exchange Program to strengthen research, educational exchange, and international cooperation that would aim to reduce global greenhouse gas emissions and address "the challenges posed by global climate change."

- Authorizes $25 million over five years to provide assistance to the Interagency Working Group to support the Clean Energy Technology Exports Initiative.

- Authorizes $100 million over five years to establish in the Executive Branch an International Clean Energy Foundation that would focus on reducing global greenhouse gas emissions by promoting projects outside of the United States that serve as models of how to significantly reduce the emissions of global greenhouse gases through clean and efficient energy technologies, processes, and services and by leveraging resources through partnerships with foreign governments the private sector domestically and internationally. The CEO of the Foundation would have to be confirmed by the Senate. The Foundation would be expected to raise funds from numerous foreign sources, including foreign governments.

- **Cost: CBO confirms that this title would authorize $230.0 million in FY2008 and a total of $1.15 billion over the FY2008-FY2012 period.**

Title III—Small Energy Efficient Businesses

NOTE: The language of Title III is pulled from H.R. 2389 (Small Business Committee).

- Increases the loan limits and loan guarantee limits for certain existing small business loan programs at the Small Business Administration (SBA).

- Authorizes a new grant program for Small Business Development Centers to carry out small business sustainability initiatives (such as implementing energy efficiency projects and resources, commercializing clean technology, and improving environmental performance). No single grant could exceed $300,000.

- Directs SBA to develop and coordinate a government-wide program, building on the Energy Star for Small Business program, to assist small businesses in becoming more energy efficient, understanding the cost savings from improved energy efficiency, and identifying financing options for energy efficiency upgrades.

- Directs SBA to establish a Renewable Fuel Capital Investment Program to:

--"promote the research, development, manufacture, and bringing to market of renewable energy sources by encouraging venture capital investments in smaller enterprises primarily engaged in such activities; and

--"establish a venture capital program, with the mission of addressing the unmet equity investment needs of small enterprises engaged in researching, developing, manufacturing, and bringing to market renewable energy sources."

SBA could make $15 million in operational assistance grants under this program each year.

- **Cost: CBO confirms that this title would authorize $40.0 million in FY2008 and a total of $201.0 million over the FY2008-FY2012 period.**

Title IV—Science and Technology

NOTE: The language of Title IV is pulled from the following seven bills from the Science Committee: H.R. 364, H.R. 906, H.R. 1933, H.R. 2773, H.R. 2774, H.R. 2304, and H.R. 2313.

- Establishes an Advanced Research Projects Agency-Energy (ARPA-E) within the Department of Energy to "enhance the Nation's economic and energy security through the development of energy technologies that result in reductions of imports of energy from foreign sources, reductions of energy-related emissions including greenhouse gases, improvements in the energy efficiency of all economic sectors, and to ensure that the United States maintains a technological lead in developing and deploying energy technologies."

- Establishes in the U.S. Treasury the Energy Transformation Acceleration Fund, into which ARPA-E appropriations would go and from which all ARPA-E activities would be funded. The bill authorizes for deposit in the Fund: $300,000,000 for fiscal year 2008, $1,000,000,000 for fiscal year 2009, $1,100,000,000 for fiscal year 2010, $1,200,000,000 for fiscal year 2011, and $1,300,000,000 for fiscal year 2012.

- Instructs the Secretary of Energy to support programs of research, development, demonstration, and commercial application of energy production from renewable marine resources—and to promulgate siting criteria for such resources (accounting for environmental concerns).

- Instructs the Secretary of Energy to establish one or more centers (ideally at universities) for the research, development, and demonstration of marine renewable energy technologies.

- Authorizes appropriations of $50,000,000 for each of fiscal years 2008 through 2012 for these marine energy activities.

- Instructs the Secretary to support the development of geoscientific tools and technologies that can assist in the process of locating hidden hydrothermal resources that do not exhibit obvious manifestations at the earth's surface.

- Establishes an industry-coupled exploratory drilling program, which is a cost-sharing program with industry partners to demonstrate and apply advanced exploration technologies.

- Establishes a program of research, development, demonstration, and commercial application of system components and materials capable of withstanding extremely high temperatures and corrosiveness in geothermal wells.

- Establishes a program of research, development, demonstration, and commercial application of improved models of geothermal reservoir performance.

- Establishes a program of research, development, demonstration, and commercial application of technologies to mitigate or preclude adverse environmental impacts from geothermal energy development, production, or use.

- Instructs the Secretary to support a program of research, development, demonstration, and commercial application of technologies necessary to advance enhanced (i.e. man-made) geothermal systems to a state of commercial readiness.

- Establishes a cost-shared, field-based program of research, development, and demonstration of technologies to create and stimulate enhanced geothermal systems reservoirs.

- Establishes a demonstration program to prove the feasibility of co-producing geothermal power from hot water co-produced from oil and gas fields.

- Provides for the creation of two centers of technology transfer (one for hydrothermal and one for enhanced geothermal) to function as information clearinghouses for the benefit of geothermal researchers and the geothermal industry.

- Expands the scope of an existing, domestic geothermal technology-transfer program from the western U.S. to the entire country, so as to encourage the transfer and adoption of appropriate geothermal energy technologies throughout the United States.

- Authorizes appropriations of $90,000,000 for each of fiscal years 2008 through 2012, of which $10,000,000 for each fiscal year would be reserved for the oil-and-gas co-production activities mentioned above.

- Establishes a program of research and development to provide lower cost and more viable thermal energy storage technologies to enable the shifting of electric power loads on demand and extend the operating time of concentrating solar power electric generating plants. The bill authorizes for this solar program $5,000,000 for fiscal year 2008,

- Establishes a competitive grant program ($50 million over five years) in the Office of Solar Energy Technologies to create and strengthen solar industry workforce training and internship programs in installation, operation, and maintenance of solar energy products.

- Establishes a program of research and development ($17.5 million over five years) to provide assistance in the demonstration and commercial application of direct solar renewable energy sources to provide alternatives to traditional power generation for lighting and illumination, including light pipe technology, and to promote greater energy conservation and improved efficiency.

- Establishes a research, development, and demonstration program ($12.5 million over five years) to promote less costly and more reliable decentralized distributed solar-powered air conditioning for individuals and businesses.

- Establishes a program of grants to states to demonstrate advanced photovoltaic technology (generating an electric current or voltage when exposed to sunlight or other electromagnetic radiation). Grants would be distributed in proportion to the populations of the states that apply for the funds. The bill authorizes appropriations for this program, as follows: $15,000,000 for fiscal year 2008; $30,000,000 for fiscal year 2009; $45,000,000 for fiscal year 2010; $60,000,000 for fiscal year 2011; and $70,000,000 for fiscal year 2012.

- Establishes a technology transfer center to make available information on research, development, and commercial application of technologies related to biofuels and biorefineries.

- Establishes a program of research, development, and demonstration as it relates to existing transportation fuel distribution infrastructure and new alternative distribution infrastructure, focusing on the physical and chemical properties of biofuels and efforts to prevent or mitigate against adverse impacts of those properties.

- Establishes a $75 million grant program (over three years) for eligible entities for research, development, demonstration, and commercial application of biofuel production technologies in states with low rates of ethanol production, including low rates of production of cellulosic biomass ethanol, as determined by the Secretary.

- Establishes a program of research, development, demonstration, and commercial application for increasing energy efficiency and reducing energy consumption in the operation of biorefinery facilities.

- Authorizes $963 million for FY2010 for renewable energy projects overall in the Energy Policy Act of 2005, and reserves $419 million of that for bioenergy programs.

- Establishes a research and development program to improve and develop analytical tools to facilitate the analysis of life-cycle energy and greenhouse gas emissions, including emissions related to direct and indirect land-use changes, attributable to all potential biofuel feedstocks and production processes; and to promote the systematic evaluation of the impact of expanded biofuel production on the environment, including forestlands, and on the food supply for humans and animals.

- Establishes a research and development program to facilitate small-scale production, local, and on-farm use of biofuels, including the development of small-scale gasification technologies for production of biofuel from cellulosic feedstocks.

- Directs the Secretary of Energy, in consultation with the Director of the National Institute of Standards and Technology, in the absence of appropriate private sector standards adopted prior to the date of enactment of this legislation, to develop standards for biofuel dispenser systems in order to promote broader biofuels adoption and utilization.

- Expands the activities of the Energy Department’s existing carbon sequestration development program, provides for large-scale carbon sequestration testing and technology demonstrations, and authorizes $1.68 billion for such activities over five years.

- Authorizes $5 million a year for the Assistant Administrator for Research and Development of the Environmental Protection Agency to conduct a research program to determine procedures necessary to protect public health, safety, and the environment from impacts that may be associated with capture, injection, and sequestration of greenhouse gases in subterranean reservoirs.

- Authorizes “such sums” to establish a competitive grant program through which colleges and universities could apply for and receive four-year grants for salary and startup costs for newly designated faculty positions in an integrated geological carbon sequestration science program and for internships for graduate students in geological sequestration science.

- Authorizes $10 million to create a university-based research and development grant program to study carbon capture and sequestration using the various types of coal.

- Repeals the Global Change Research Act of 1990 and replaces it with the provisions of this section of Title IV.

- Instructs the President to establish or designate an interagency committee to ensure cooperation and coordination of all federal research activities pertaining to processes of global change for the purpose of increasing the overall effectiveness and productivity of federal global change research efforts.

- Instructs the President to establish an interagency United States Global Change Research Program to improve understanding of global change, to respond to the information needs of communities and decision-makers, and to provide periodic assessments of the vulnerability of the United States and other regions to global and regional climate change. The bill authorizes $10 million for each of fiscal years 2008-2013.

- Provides for a study of the current status of ice sheet melt, as caused by climate change, with implications for global sea level rise; and provides for a study of the current state of the science on the potential impacts of climate change on patterns of hurricane and typhoon development, including storm intensity, track, and frequency, and the implications for hurricane-prone and typhoon-prone coastal regions.

- Directs the President to establish or designate an interagency climate and other global change data management working group to make recommendations for coordinating federal climate and other global change data management and archiving activities.

- **Cost: CBO confirms that this title would authorize $738.0 million in FY2008 and a total of $8.73 billion over the FY2008-FY2012 period.**

Title V—Agriculture Energy

- Adds a new section to the farm bill of 2002 (7 U.S.C. 8101 et seq.) to extend several energy-related programs.

- Directs the Secretary of Agriculture to make loan guarantees to eligible entities to assist in paying the cost of development and construction of biorefineries and biofuel production plants (including retrofitting) to carry out projects to demonstrate the commercial viability of one or more processes for converting biomass to fuels or chemicals. Of the funds of the Commodity Credit Corporation, the Secretary would be authorized to use $640.0 million over five years for the loan guarantees.

- Extends the Biodiesel fuel education program through FY2012 (authorized at $2 million a year from the funds of the Commodity Credit Corporation).

- Extends the Energy Audit and Renewable Energy Development Program through FY2012.

- Extends the loan guarantee authority for the Energy for Rural America Program (and reserves $425 million over five years of the funds of the Commodity Credit Corporation for the loan guarantees).

- Establishes the Biomass Research and Development Board, which would supersede the Interagency Council on Biobased Products and Bioenergy established by Executive Order No. 13134, to coordinate programs within and among federal departments and agencies for promoting the use of biobased fuels and biobased products by maximizing the benefits deriving from federal grants and assistance and bringing coherence to federal strategic planning.

- Directs the Secretary of Agriculture and the Secretary of Energy to establish a Biomass Research and Development Initiative, under which competitively awarded grants, contracts, and financial assistance are provided to, or entered into with, eligible entities to carry out research on, and development and demonstration of, biobased fuels and biobased products, and the methods, practices, and technologies, for their production. The bill reserves $350 million over five years (of the funds from the Commodity Credit Corporation) AND authorizes an additional $200 million for each of fiscal years 2006 through 2015 for this Initiative.

- Reserves $1.22 billion over five years (of the funds from the Commodity Credit Corporation) for an expanded Bioenergy Program.

- Directs the Secretary of Agriculture, working through the Forest Service, in cooperation with other federal agencies, land grant colleges and universities, and private entities, to conduct a competitive research and development program to encourage new forest-to-energy technologies. The bill reserves $36.0 million over five years (of the funds from the Commodity Credit Corporation) for this program.

- **Cost: Unavailable**

Title VI—Carbon-Neutral Government

NOTE: The language of Title VI is pulled from H.R. 2635 (Oversight and Government Reform Committee).

- Includes a variety of findings about global warming, including:
  --"The harms associated with global warming are serious and well recognized."
  --"The risks associated with a global mean surface temperature increase above 2 degrees Celsius (3.6 degrees Fahrenheit) above preindustrial temperature are grave. According to the Intergovernmental Panel on Climate Change, such temperature increases would increase the severity of ongoing alterations of terrestrial and marine environments, with potentially catastrophic results."
  --"Ongoing and projected effects include…the potential extinction of 30 percent of all living species."
  --"To preserve the ability to stabilize atmospheric greenhouse gas concentrations at levels likely to protect against a temperature rise above 2 degrees Celsius (3.6 degrees Fahrenheit) and maintain the likelihood of avoiding catastrophic global warming will require reductions of greenhouse gas emissions of 50 percent to 85 percent globally."

- Requires each federal agency to annually take inventory of and report its greenhouse gas emissions for the pervious fiscal year—both direct and indirect (as a result of electricity use and travel by employees) and for contractors as well as regular employees.

- Directs EPA to establish targets for greenhouse gas reduction and standards for energy efficiency for federal agencies. Starting in 2010, this title would require federal agencies to reduce emissions of greenhouse gases in order to achieve net zero emissions by 2050.

- If no national mandatory economy-wide cap-and-trade program for greenhouse gases has been enacted by fiscal year 2010, EPA would have to develop and submit to Congress by 2011 a proposal to allow federal agencies to meet the annual reduction targets applicable to such agencies under this title in part through emissions offsets, beginning in fiscal year 2015.

- **Establishes a two-year cap-and-trade pilot program (authorized at "such sums") for federal agency purchases of greenhouse gas offsets (as detailed in the legislation) and renewable energy certificates.**

- Requires federal agencies to purchase low greenhouse gas-emitting vehicles (when purchasing light- or medium-duty vehicles).

- Directs the Secretary of Energy to promulgate energy-efficiency standards for new (and renovated) federal buildings so that such buildings could reduce their fossil-fuel-generated energy consumption by certain percentages in five-year increments (as detailed in the bill), resulting in a 100% reduction by 2030.

- Prohibits new building leases on buildings that are not Energy Star compliant (beginning three years after this bill's enactment and subject to exception).

- Requires OMB to track the compliance with the various mandates above.

- **Allows individuals to sue the federal government for damages (of up to $1.5 million *per year*) caused by global warming (resulting from any alleged failure of a federal agency to adhere to the mandates above)—"even if the effect or the risk is widely shared."**

- **Cost: CBO confirms that this title would authorize $180.0 million in FY2008 and a total of $1.37 billion over the FY2008-FY2012 period. CBO also notes that this title would increase mandatory spending by $20.0 million in FY2008, $340.0 million over the FY2008-FY2012 period, and $840.0 million over the FY2008-FY2017 period.**

Title VII—Natural Resources Committee Provisions

NOTE: The language of Title VII is pulled from H.R. 2337 (Natural Resources Committee).

- Repeals a provision of the Energy Policy Act of 2005 ("EPAct") that provides funds to the Bureau of Land Management (BLM) "pilot offices" to enable them to manage industry activity in their districts in accordance with federal law and policy.

- Requires the collection of a $1,700 cost recovery fee for applications for permits to drill for oil and gas on federal lands, and authorizes the expenditure of the fee for BLM to administer the drilling program.

- Extends the deadline for processing onshore oil and gas permit applications from 30 to 45 days.

- Amends EPAct to establish a slower approach to a commercial leasing program for oil shale and tar sands resources on public lands. As the Republican staff of the Resources Committee points out, estimates are that the U.S. oil shale reserves hold enough energy to supply all of the U.S.'s oil needs for 228 years. This is more oil than the entire world has used since oil was discovered, and over twice as much oil as all the OPEC countries hold combined.

- Requires increased audits of oil and gas leases (at least 550 each fiscal year).

- Increases the civil penalties for violations related to federal oil and gas royalties.

- Eliminates the requirement that the federal government pay interest to oil and gas lessees when they make royalty overpayments. Lessees would still have to pay interest to the federal government on royalty underpayments.

- Requires operators (people in charge of resources operations on federal leases) to obtain a written surface-use agreement from the private owner of the surface above the minerals in order to obtain BLM approval to drill or to site production facilities. The bill provides for certain payments to the surface owner and requirements for notification of the surface owner.

- Requires that an oil and gas operator remediate or replace the water supply of a surface owner damaged in the course of oil and gas drilling or production operations under the Mineral Leasing Act.

- Directs the Secretary of the Interior to impose a fee on non-producing oil and gas leases.

- Authorizes $2 million for each of fiscal years 2008 through 2015 for new and ongoing research efforts to evaluate methods for minimizing wildlife impacts at wind energy projects and to explore effective mitigation methods that may be utilized for that purpose.

- Authorizes the Interior Secretary to make grants to eligible coastal states to support voluntary state efforts to initiate and complete surveys of portions of coastal state waters and federal waters adjacent to a state's coastal zone to identify potential areas suitable or unsuitable for the exploration, development, and production of alternative energy. Authorizes "such sums."

- Establishes a ten-year pilot program for the development of strategic solar reserves on federal lands for the advancement, development, assessment, and installation of commercial solar electric energy systems.

- Requires assessments of the national capacity for man-made carbon dioxide storage and for natural carbon dioxide storage (in plants, bodies of water, etc.).

- Creates a National Resources Management Council on Climate Change to address the impacts of climate change on federal lands, the ocean environment, and the federal water infrastructure. The bill requires the development of a national strategy to protect wildlife from the effects of global warming. The Secretary of the Interior would have to establish and appoint members of a science advisory board, comprised of not less than ten and not more than 20 members recommended by the President of the National Academy of Sciences with expertise in wildlife biology, ecology, climate change, and other relevant disciplines.

- Establishes a state and tribal wildlife conservation grants program, authorized at "such sums."

- Creates an ocean policy, global warming, and acidification program (to predict, plan for, and mitigate the effects of global warming on the ocean and coastal ecosystems). Authorized at "such sums."

- Authorizes grants to states to improve their coastal resiliency to global warming. Authorized at "such sums."

- Directs the President to establish a National Integrated Coastal and Ocean Observation System to improve global warming predictions.

- Directs the Secretary of the Interior to agree to each "requested" renegotiation of current federal oil and gas leases in the Gulf of Mexico from 1998 and 1999 that did not include royalty price thresholds (because of an oversight by the Clinton Administration's Department of the Interior). These thresholds, had they been applied as in most other leases, would have required royalty payments to the Treasury when oil and gas prices rose above certain amounts ($28 per barrel of oil and $3.50 per million British thermal units of natural gas). *(Same language as included in the House-passed H.R. 6 during the 100-Hour Agenda earlier this year)*

  If a lessee does not request to have its 1998 or 1999 lease renegotiated to include royalty price thresholds at or above the amounts above, it could opt to instead pay a fee of $9 per barrel of oil or $1.25 per million British thermal units (BTUs) of natural gas (in 2005 dollars), for producing leases when the price of oil exceeds $34.73 per oil or the price of natural gas exceeds $4.34 per million BTUs (effective on production beginning October 1, 2006). Non-producing leases would be subject to a $3.75-per-acre annual fee. *(Same language as included in the House-passed H.R. 6 during the 100-Hour Agenda earlier this year)*

- Prohibits oil and gas companies from bidding on future oil and gas leases in the Gulf of Mexico unless they have either renegotiated their old leases to include royalty price thresholds or have paid all required fees described above. *(Same language as included in the House-passed H.R. 6 during the 100-Hour Agenda earlier this year)*

NOTE: Several oil companies, including BP, ConocoPhillips, and Shell, have already signed an agreement with the federal government to begin applying the royalty price thresholds to oil and gas drilled after October 1, 2006. [Other companies have not yet renegotiated.] However, with this legislation, the Democrats are trying to recapture $2 billion in "unpaid royalties" to fund other initiatives. (On January 16, 2007, the *Wall Street Journal* noted that back in 1998, certain oil companies actually alerted the federal government to the absence of royalty price thresholds in their leases, but the Interior Department cleared them to go forward anyway.)

- Repeals the following tax incentives provided in the 2005 Energy Policy Act (Public Law 109-58):
  --royalty relief for natural gas production from deep wells in shallow Gulf of Mexico waters (section 344 of Public Law 109-58);
  --royalty relief for deep water production in the Gulf of Mexico section 345 of Public Law 109-58);
  --drilling permit fee waivers (section 365(i) of Public Law 109-58); and
  --exploration incentives in Alaska's Naval Petroleum Reserve (section 347(k) and section 347(i) of Public Law 109-58).
  (Same language as included in the House-passed H.R. 6 during the 100-Hour Agenda earlier this year)

- Repeals the exploration incentive for planning areas off Alaska's shores (43 U.S.C. 1337(a)(3)(B)). *(Same language as included in the House-passed H.R. 6 during the 100-Hour Agenda earlier this year)*

- Creates an Oil Shale Community Impact Assistance Fund in the U.S. Treasury, funded by bonus bids and royalties from oil shale leases. The Fund would then make payments to counties for the planning, construction, and maintenance of public facilities and the provision of public services (without restriction that such facilities or services be related to the oil shale leases in any way).

- Applies Davis-Bacon prevailing wage requirements to contractors funded by the solar and biomass sections of this legislation.

- Prohibits surface occupancy of leases issued for federal minerals in the Roan Plateau, Colorado, essentially cutting off production from a large, clean natural gas field in Colorado that was once set aside as the Naval Oil Shale Reserves in 1912 because of its rich energy resources. Some experts estimate that this provision would prevent access to 4.2 trillion cubic feet of natural gas.

- **Cost: Although some provisions of this title have been altered or added since the bill was reported fm the Natural Resources Committee, CBO estimated that H.R. 2337 would authorize $352.0 million in FY2008 and a total of $3.35 billion over the FY2008-FY2012 period. CBO also notes that H.R. 2337 would decrease mandatory spending by $52.0 million in FY2008, $259.0 million over the FY2008-FY2012 period, and $431.0 million over the FY2008-FY2017 period.**

Title VIII—Transportation and Infrastructure

<u>NOTE</u>: The language of Title VIII is pulled from H.R. 2701 (Transportation and Infrastructure Committee).

- Establishes in the Department of Transportation a Center for Climate Change and Environment to plan, coordinate, and implement department-wide research, strategies, and actions to reduce transportation-related energy use and mitigate the effects of climate change; and department-wide research strategies and action to address the impacts of climate change on transportation systems and infrastructure.

- Authorizes $850 million for each of fiscal years 2008 and 2009 for grants to improve public transportation services in urban and non-urban areas.

- Authorizes $10 million for each of fiscal years 2008 through 2011 for grants to rail carriers to purchase hybrid locomotives.

- Authorizes $250 million for each of fiscal years 2008 through 2011 for grants to rail carriers to rehabilitate, preserve, or improve railroad track used primarily for freight rail. <u>Davis-Bacon prevailing wages would apply</u>.

- Authorizes $2 million over two years to study the feasibility of ethanol pipelines.

- Authorizes $25 million for each of fiscal years 2008 through 2011 for grants for short sea transportation projects.

- Establishes a pilot program to carry out up to six environmental mitigation demonstration projects at public-use airports.

- Directs the General Services Administration (GSA) to set minimum energy efficiency and renewable energy standards or GSA-leased space.

- Requires that each public building constructed, altered, or acquired by GSA be equipped, to the maximum extent feasible, with lighting fixtures and bulbs that are energy efficient. The bill also requires that each lighting fixture or bulb that is replaced by GSA in the normal course of maintenance of public buildings be replaced, to the maximum extent feasible, with a lighting fixture or bulb that is energy efficient.

- Instructs the Administrator of General Services to install a photovoltaic system, as set forth in the Sun Wall Design Project, for the headquarters building of the Department of Energy, located at 1000 Independence Avenue, SW, Washington, DC.

- Prohibits incandescent lamps for the Coast Guard after January 1, 2009.

- Allows the Architect of the Capitol to perform a feasibility study regarding construction of a photovoltaic roof for the Rayburn House Office Building.

- Directs the Architect of the Capitol to install technologies for the capture and storage or use of carbon dioxide emitted from the Capitol Power plant as a result of burning coal.

- Establishes a 21st Century Water Commission to use existing water assessments and conduct such additional studies and assessments as may be necessary to project future water supply and demand, impacts of climate change to our nation's flood risk and water availability, and associated impacts of climate change on water quality.

- **Cost: CBO confirms that this title would authorize $1.23 billion in FY2008 and a total of $3.27 billion over the FY2008-FY2012 period. CBO also notes that this title would increase mandatory spending by $76.0 million in FY2008, $770.0 million over the FY2008-FY2012 period, and $830.0 million over the FY2008-FY2017 period.**

Title IX—Energy and Commerce

- Requires new energy efficiency standards (to vary by region) for home appliances, such as dehumidifiers, residential clotheswashers, residential dishwashers, refrigerators, freezers, electric motors, and residential boilers.

- Requires that, after July 1, 2012, certain consumer appliances and industrial equipment, when in standby mode, would have to operate with not more than one watt of electric power (subject to exceptions).

- Prohibits the sale of certain light bulbs after January 1, 2012.

- Includes nearly identical GSA-lightbulb provision as in Title VIII above.

- Requires that states certify that they are in compliance with a federal building energy code—five years after the enactment of this legislation. The bill authorizes $25 million for each of fiscal years 2008 through 2012 (and "such sums" each year thereafter) as "incentive funding" to the states to comply.

- Requires the promulgation of energy efficiency standards for manufactured housing, within four years of the enactment of this legislation.

- Increases the authorization for the Weatherization Assistance Program by $50 million (to $750 million) for FY2008 and authorizes $750 million for each of fiscal years 2009 through 2012 for the program.

- Establishes an Office of Federal High-Performance Green Buildings in GSA, and establishes an Office of Commercial High-Performance Green Buildings in the Energy Department.

- The director of the Commercial office would have to produce a national standard so that all commercial buildings are net-zero-energy commercial buildings by 2050. The bill authorizes $7.92 billion over forty-three years for this initiative.

- Directs every federal agency to designate a manager for energy and water efficiency measures.

- Authorizes $120 million over six years for demonstration projects under the two Green Buildings Offices in this title.

- Provides for up to $100 million in loan guarantees for renovation projects to make commercial buildings "green."

- Directs the EPA, in cooperation with state energy offices, to establish a Recoverable Waste-Energy Inventory Program, including an ongoing survey of all major industrial and large commercial combustion sources in the United States and the sites where these are located, together with a review of each for quantity and quality of waste energy.

- Establishes a $900 million (over five years) EPA Waste Energy Recovery Incentive Grant Program to provide incentive grants to owners and operators of projects that successfully produce electricity or incremental useful thermal energy from waste energy recovery (and to utilities purchasing or distributing such electricity) and to reward states that have achieved 80% or more of identified waste-heat recovery opportunities.

- Directs the Secretary of Energy to implement a $45 million (over three years) program of information dissemination and technical assistance to institutional entities to assist them in identifying, evaluating, designing, and implementing sustainable energy infrastructure.

- Directs the Secretary of Energy to create a $2.25 billion (over five years) Sustainable Institutions Revolving Fund for providing loans for the construction or improvement of sustainable energy infrastructure to serve institutional entities.

- Strikes the sunset on the authority for federal agencies to enter into contracts to achieve energy savings. The bill creates a $3.8 million (over five years) training program for certain agencies (including the U.S. Postal Service) so that such contracts can be better negotiated.

- Establishes a $2.12 billion (over five years) Energy Efficiency Block Grant Program to make block grants to states and localities for the development of energy efficiency strategies, programs, and other related activities. The bill also creates a $750 million (over five years) technical assistance program for states and localities.

- Establishes a nine-member, $240 million (over 12 years) Grid Modernization Commission to facilitate the adoption of "Smart Grid" (i.e. modernizing the nation's electricity grid) standards, technologies, and practices across the Nation's electricity grid to the point of general adoption and ongoing market support in the United States electric sector.

- Creates several programs for “investment” in Smart Grid technologies, standards, and projects.

- Instructs each federal agency, for calendar year 2009 and each calendar year thereafter, to reduce its aggregate peak electricity demand, as detailed by the reduction standard in the legislation.

- Requires that loan guarantees for electricity facility modernization projects be only for projects paying Davis-Bacon wages.

- Authorizes a study of the feasibility of ethanol pipelines. *(nearly identical provision to that in Title VIII)*

- Authorizes an additional $1 billion for cellulosic ethanol production grants.

- Directs the Secretaries of Transportation and Energy to carry out a public education campaign to inform consumers about flexible-fuel vehicles. *(Some conservatives may regard this as something the private sector should do.)*

- Authorizes $50 million in FY2008 for a cellulosic ethanol and biofuels research and development grants to universities.

- Authorizes $140 million in grants over seven years for private-sector energy cooperation with corresponding entities in Israel, and requires that entities repay the grants if they yield development of a product or process that is marketed or used. *(same text as H.R. 1838, a Rep. Shadegg/Rep. Sherman bill)*

- Establishes a program to provide loan guarantees by private institutions for the construction of facilities for the manufacture of advanced vehicle batteries and battery systems that are developed and produced in the United States, for hybrid vehicles.

- Establishes a competitive program to provide cost-shared grants to state governments, local governments, metropolitan transportation authorities, air pollution control districts, private or nonprofit entities, or combinations thereof, to carry out projects to encourage the use of plug-in electric vehicles or other emerging electric vehicle technologies. The program is authorized at “such sums.”

- Establishes a program to make grants to owners of domestic motor vehicle manufacturing or production facilities for the production of plug-in hybrid electric motors or conversion modules to be used as electricity storage capacity for utilities. The program is authorized at “such sums.”

- Establishes a revolving loan program to provide loans to eligible entities for the conduct of qualified electric transportation projects.

- Authorizes $60 million over five years for the Administrator of the Energy Information Administration to establish a five-year plan to enhance the quality and scope of the data collection necessary to ensure the scope, accuracy, and timeliness of the information needed for efficient functioning of energy markets and related financial operations.

- **Cost: Unavailable**

Matters NOT Included in This Bill: CAFÉ (Corporate Average Fuel Economy) standards increases and Renewable Portfolio Standards (RPS) provisions are NOT included in the underlying bill.

RSC Bonus Fact: Thomas Edison invented the light bulb and the first electric power station without one penny of federal funds.
http://www.eei.org/industry_issues/industry_overview_and_statistics/history/#invention

Committee Action: On July 30, 2007, the bill was referred to nearly every standing committee in the House. Most of the components of the bill had already been considered and reported by the respective committees by the time H.R. 3221 was introduced.

Administration Position: A Statement of Administration Policy (SAP) was not available at press time, yet Administration opposition to this bill is expected.

Cost to Taxpayers: A formal CBO cost estimate for H.R. 3221 is not available, and CBO estimates for certain portions of the bill are also not available. However, the CBO estimates that *are* available for various portions of the bill add up to:

- $18.7 billion in authorizations over five years; and an
- $851.0 million increase in mandatory spending.

Does the Bill Expand the Size and Scope of the Federal Government?: Yes, the bill would create dozens of new programs and offices.

Does the Bill Contain Any New State-Government, Local-Government, or Private-Sector Mandates?: Yes, numerous intergovernmental and private-sector mandates, mainly regarding energy efficiency standards and compliance.

Does the Bill Comply with House Rules Regarding Earmarks/Limited Tax Benefits/Limited Tariff Benefits?: An earmarks/revenue benefits statement required under House Rule XXI, Clause 9(a) was not available at press time.

Constitutional Authority: A committee report citing constitutional authority is unavailable.

Note: Article VI, Clause 3 of the U.S. Constitution states that, "The Senators and Representatives…and all executive and judicial Officers…shall be bound by Oath or Affirmation, to support this Constitution."

Outside Organizations: The following is a sample of entities that are opposing H.R. 3221 (ones with a star are scoring or potentially scoring the bill in their annual ratings of Congress):

- American Chemistry Council
- American Conservative Union*
- American Petroleum Institute
- Americans for Prosperity
- Americans for Tax Reform*
- Competitive Enterprise Institute
- Consumer Alliance for Energy Security
- Council for Citizens Against Government Waste*
- Family Research Council
- FreedomWorks
- Independent Petroleum Association of America
- National Association of Manufacturers
- National Petrochemical and Refiners Association
- National Taxpayers Union*
- Natural Gas Supply Association
- Property Rights Alliance
- 60 Plus
- Small Business and Entrepreneurship Council*
- U.S. Chamber of Commerce
- U.S. Oil & Gas Association

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